

FIRST AMENDMENT
TO THE CITY OF ALEXANDRIA FIREFIGHTERS AND POLICE OFFICERS
PENSION PLAN

Pursuant to the powers of amendment reserved under Section 12.1 of The City of Alexandria Firefighters and Police Officers Pension Plan, as amended and restated effective as of January 1, 2014 (the "Plan"), said Plan shall be and the same is hereby amended by the City of Alexandria, Virginia (the "City"), effective as of the date this amendment is adopted or such other date as may be specifically provided herein, as follows:

FIRST CHANGE

The following paragraph shall be added to the end of the definition of "Compensation" in Section 1.6:

Provided that a Participant returns to employment with the City following an Authorized Leave of Absence for qualified military service (as that term is defined in Section 414(u)(1) of the Internal Revenue Code) within the period of time during which the Participant's reemployment rights are protected by law, the term "Compensation" shall be deemed to include an amount equal to the regular base salary or wages (including any cost of living wage adjustment granted by the City but ignoring any step increases for such rank and grade) that the Participant would have received during such period of absence for qualified military service if the Participant had continued to be employed by the City at the same rank and grade he or she had attained immediately prior to the period of qualified military service and the Participant's regular schedule of work or hours immediately prior to such Authorized Leave of Absence for qualified military service.

SECOND CHANGE

The following paragraph shall be added immediately before the last paragraph in definition of "Purchasable Service" in Section 1.6:

For purposes of Section 3.7, (1) a period of employment by a federal, state, municipal or local governmental employer as a public safety officer (police officer, deputy sheriff, firefighter or a National Registry or state certified

emergency medical technician or higher; (2) active duty military service (Air Force, Army, Coast Guard, Marine Corps and Navy) other than qualified military service under Section 414(u) of the Internal Revenue Code; or (3) prior employment with the City, provided that the Participant did not accrue a benefit under any retirement plan sponsored by the City or any retirement plan to which the City made contributions with respect to the period of employment (such as the Virginia Retirement System).

THIRD CHANGE

Section 3.1(d) shall be revised to read as follows:

- (d) If a Participant incurs an Authorized Leave of Absence on account of military service, the Participant shall receive credit for Years of Service upon reemployment for the period of such Authorized Leave of Absence to the extent required by the Uniformed Services Employment and Reemployment Rights Act of 1994, as amended, and Section 414(u) of the Internal Revenue Code or any other law.

FOURTH CHANGE

Section 3.7 is hereby added as follows:

3.7 Purchase of Pre-Participation Credited Service

- (a) A Participant may purchase Credited Service for Purchasable Service completed prior to his or her Employment Commencement Date, subject to the following conditions:
 - (1) Credited Service may be purchased only by an active Participant employed by the City;
 - (2) No more than thirty-six (36) months of Credited Service may be purchased;
 - (3) In the case of a Participant whose Employment Commencement Date was prior to October 23, 2013, Credited Service may not be purchased which will result in a Participant receiving more than thirty (30) years of Credited Service;
 - (4) Credited Service may not be purchased for service for which the Participant accrued a benefit under any City

sponsored retirement plan or any retirement plan of any prior employer;

- (5) Credited Service may only be purchased in full months (Credited Service may not be purchased for partial months); and
- (6) The purchase of Credited Service under this Section shall be subject to the limitations provided for in Section 6.8 ("Maximum Limitation on Benefits").

(b) In order to be effective, an election to purchase credit for Purchasable Service under this Section 3.7 must:

- (1) be made on a form supplied by the City for this purpose;
- (2) be returned to (and the receipt acknowledged by) the Department of Finance as follows:
 - (i) For Covered Employees hired on or before [insert date of amendment], within twelve (12) months following the [insert the first day of the month following the date of amendment]; and
 - (ii) For Covered Employees who have a Date of Hire on or after [insert date of amendment],
 - a. Within twelve (12) months following the Covered Employee's return from Authorized Leave of Absence in the case of a purchase described in Section 3.1(d), or
 - b. Within twelve (12) months following the Covered Employee's Date of Hire, in the case of all other purchases.
- (3) include a certification from the Participant's prior employer that the Participant did not accrue a benefit under a retirement plan with respect to such prior period of employment; and
- (4) include payment of the full amount due for the Purchased Period of Credited Service (as determined under Section 3.7(c)) or have been accompanied by a payroll deduction authorization (on a form supplied by the City for this purpose).

- (c) Participants who desired to purchase credit for Purchasable Service are required to pay 100% of the actuarial cost of the additional benefit provided under the Plan with respect to the Purchased Period of Credited Service. The actuarial cost of Purchased Period of Credited Service may be separately determined for each year in a Purchased Period of Credited Service and shall be determined by the Administrator, based on the advice of the Actuary and using the interest rate and mortality table used by the Actuary in determining funding for the Plan Year in which such Credited Service is purchased.
- (d) Except as provided in paragraph (e), payment for all or any portion of the Purchased Period of Credited Service must have been made in a single lump sum by (i) a direct transfer or rollover from an individual retirement account to the extent permitted by Sections 401 and 408 of the Internal Revenue Code; (ii) a transfer from a Participant's Retirement Income Account (if any); (iii) a transfer from a Participant's account under any eligible deferred compensation plan (within the meaning of Section 457(b) of the Internal Revenue Code) maintained by the City; or (iv) a direct lump sum payment to the Plan..
- (e) In lieu of (or in addition to) a lump sum payment under Section 3.7(d), payment for the Purchased Period of Credited Service may be made through additional Employee Retirement Contributions over a period equal to the Purchased Period of Credited Service (i.e., up to a maximum of thirty-six (36) months). To the extent that a Participant elects to pay for the Purchased Period of Credited Service by making additional Employee Retirement Contributions, then the cost of the Purchased Period of Credited Service (as determined under Section 3.7(c)) shall reflect the deferred payment period (computed based on the interest rate used for determining Actuarial Equivalence under Appendix A), based on the assumptions in Appendix A as in effect on the date of the election. In order for this payment option to be effective, the Participant must execute and deliver to the Administrator any required payroll deduction authorizations. A Participant may revoke the payroll deduction authorization on any anniversary date during the payment period, but if such authorization is revoked, the Participant shall only receive credit for months in the Purchased Period of Credited Service for which the Participant has paid 100% of the actuarial cost.
- (f) The Purchased Period of Credited Service shall be taken into account in determining the Participant's Years of Service and

Years of Credited Service in accordance with the following provisions:

- (1) Upon payment under Section 3.7(d), or as payment is made under Section 3.7(e), the Participant shall be credited with the number of full months in the Purchased Period of Credited Service for which the Participant has paid the full actuarial cost (i.e., 100% of the cost of the Purchased Period of Credited Service), as determined under Section 3.6(c).
- (2) Only full months shall be credited to a Participant. No credit shall be given for partial months.
- (3) In the event a Participant ceases to be a Covered Employee for any reason (including Disability or death), or otherwise reaches his or her Termination Date or DROP Effective Date before earning any portion of the Purchased Period of Credited Service in accordance with the provisions of this Section 3.7(f), the Participant shall forfeit all rights to any portion of the Purchased Period of Credited Service for which full payment has not been made.

FIFTH CHANGE

Section 4.2(a) shall be revised to read as follows:

(a) Determination of Contribution

Contributions to the Fund shall be made to the Fund in accordance with this Section 4.2 in amounts necessary to fund the retirement benefits under this Plan. For this purpose:

- (1) Any unfunded liability attributable to the grant of additional Years of Credited Service or partial Years of Credited Service pursuant to Section 3.4 shall be amortized over a period set forth in Appendix A, in payments expressed as a level percentage of Compensation;
- (2) Contributions to the Fund shall be divided between (i) the contributions required to fund the 2010 UAAL, and (ii) the Normal Cost and Remaining Costs.

SIXTH CHANGE

The following subsection (4) is hereby added to Section 4.2(b):

- (4) In the case of a Participant on an Authorized Leave of Absence for qualified military service, upon reemployment the City shall make up the City contributions and the Employee Retirement Contributions that would have been made if the Participant were continuously employed during the period of qualified military service in manner that is consistent with Section 414(u)(1) of the Internal Revenue Code.

SEVENTH CHANGE

Section 4.3(b)(1) shall be revised to read as follows:

- (1) Each Participant whose Employment Commencement Date was prior to October 23, 2013 shall make an Employee Disability Contribution in an amount required to offset the cost (as determined by the Actuary based upon reasonable actuarial assumptions, funding methods and related matters) to provide for Disability Benefits attributable to a Non-Service Connected Total and Permanent Disability under Sections 5.2 and 5.8 or a Non-Service Connected Partial Disability under Sections 5.4 and 5.10. Such Employee Disability Contribution shall continue until the earlier of the Participant's (1) Termination Date, or (2) the last day of the pay period immediately preceding the DROP Effective Date. The rate of the Employee Disability Contribution shall be adjusted periodically upward or downward to reflect the contribution amount that the Actuary determines is required to maintain proper funding. The amount of the Employee Disability Contribution shall not be picked up by the City under Section 414(h)(2) of the Internal Revenue Code. The Employee Disability Contribution shall only be used to pay for Disability Benefits on account of a Non-Service Connected Total and Permanent Disability or a Non-Service Connected Partial Disability.

EIGHTH CHANGE

The following sentence shall be added at the end of Sections 5.7 and 5.9:

In the event that the Participant receives a lump sum in lieu of periodic payments payable for lost wages under the Workmen's Compensation Act

of the Commonwealth of Virginia, such lump sum shall be converted to actuarially equivalent periodic payments, for purposes of applying the reduction required under this Section.

NINTH CHANGE

The following new subsections (e) and (f) shall be added to Section 5.11:

- (e) (1) Notwithstanding anything in Section 5.3(a) to the contrary, a Participant who, by virtue of Section 5.11(b)(1), is determined by the Administrator to be no longer Totally Disabled and who thus ceases to be entitled to a Disability Benefit under Section 5.1 and 5.7 on account of a Service Connected Total and Permanent Disability, but who is determined by the Administrator to remain Partially Disabled as a result of the illness or injury that gave rise to the Total and Permanent Disability for which the Participant was receiving Disability Benefits under Section 5.7 shall receive, commencing after such determination, a Disability Benefit under Sections 5.3 and 5.9 on account of a Service Connected Partial Disability.
- (2) Notwithstanding anything in Section 5.4(a) to the contrary, a Participant who, by virtue of Section 5.11(b)(1), is determined by the Administrator to be no longer Totally Disabled and who thus ceases to be entitled to a Disability Benefit under Section 5.2 and 5.8 on account of a Non-Service Connected Total and Permanent Disability, but who is determined by the Administrator to remain Partially Disabled as a result of the illness or injury that gave rise to the Total and Permanent Disability for which the Participant was receiving Disability Benefits under Section 5.8 shall receive, commencing after such determination, a Disability Benefit under Sections 5.4 and 5.10 on account of a Non-Service Connected Partial Disability.
- (f) (1) Notwithstanding anything in Section 5.1(a) to the contrary, a Participant who, is receiving a Disability Benefit under Section 5.3 and 5.9 on account of a Service Connected Partial Disability, but who is subsequently determined by the Administrator to be Totally and Permanently Disabled as a result of the illness or injury that gave rise to the Partial Disability for which the Participant was receiving Disability Benefits under Section 5.9 shall receive, commencing after such determination, a Disability Benefit under Sections 5.1

and 5.7 on account of a Service Connected Total and Permanent Disability.

- (2) Notwithstanding anything in Section 5.2(a) to the contrary, a Participant who, is receiving a Disability Benefit under Section 5.4 and 5.10 on account of a Non-Service Connected Partial Disability, but who is subsequently determined by the Administrator to be Totally and Permanently Disabled as a result of the illness or injury that gave rise to the Partial Disability for which the Participant was receiving Disability Benefits under Section 5.10 shall receive, commencing after such determination, a Disability Benefit under Sections 5.2 and 5.8 on account of a Non-Service Connected Total and Permanent Disability.

TENTH CHANGE

The following new subsections (g) shall be added to Section 5.13:

- (g) If, following the recomputation of Disability Benefits pursuant to this Section 5.13, commencement of any retirement benefits payable with respect to a Participant's City Funded Retirement Income Account, is delayed (and does not commence as of the date such the Participant's Disability Benefit would have been paid, but for the recomputation made pursuant to this Section 5.13), the Participant can elect to receive special distributions from his or her City Funded Retirement Income Account (for a period not to exceed one hundred and twenty (120) days) in an amount equal to the difference between the Participant's Disability Benefit before the recomputation and the Disability Benefit following the recomputation pursuant to this Section 5.13.

ELEVENTH CHANGE

Section 5.15 is amended by adding the following new sentence at the end of the fourth paragraph:

The preceding sentence shall not be effective if the Participant's Disability Retirement date occurs after [insert date of amendment].

TWELFTH CHANGE

Section 6.9(b)(3) is hereby renumbered 6.9(b)(2).

THIRTEENTH CHANGE

Section 7.2(d) is hereby amended to read as follows:

(d) Partial Lump Sum Option Program (PLOP)

A Participant who (i) retires at least one year after his or her Normal Retirement Age, or retires with at least 26 Years of Credited Service, (ii) has not elected the DROP under Section 6.4, and (iii) is not receiving Disability Benefits under Article 5, may elect to receive part of his or her Accrued Pension Benefit in the form of a lump sum and the remainder of his Accrued Pension Benefit in any of the optional forms available under Section 7.2(a) or (b). The monthly amount of the Accrued Pension Benefit otherwise payable to such Participant making a PLOP election shall be reduced on an actuarially equivalent basis (as determined based on the actuarial equivalency factors for non-Disabled Participants in Appendix A) to reflect the payment of such partial lump sum distribution. Any optional payment of the Accrued Pension Benefit, pursuant to Section 7.2(a) or (b), shall also be based upon such reduced Accrued Pension Benefit.

An eligible Participant may elect to have up to three years' worth of his or her Accrued Pension Benefit (as determined prior to a PLOP election) payable in a lump sum, depending upon the number of the Participant's Years of Credited Service at retirement. The lump sum distribution payable to an eligible Participant who elects the PLOP shall be equal to twelve times the monthly amount of the Participant's Accrued Pension Benefit (as determined prior to a PLOP election) for each year that the Participant elects to include in the calculation of the partial lump sum. The Accrued Pension Benefit used to determine the partial lump sum shall be determined based on the optional form of benefit under Section 7.2(a) or (b) that is selected by the Participant and shall be determined prior to taking into account the PLOP election. The Participant's remaining Accrued Pension (as determined after taking into account the effect of the PLOP election) shall be payable in the optional form of benefit under Section 7.2(a) or (b) that is selected by the Participant.

A Participant who is eligible for the PLOP under this Section 7.2(d) may elect to include at least one, and up to three, years' worth of reduced Accrued Pension Benefit in the calculation of the partial lump sum as follows:

<u>Retirement Date/ Service at Retirement</u>	<u>Number of Years that a Participant May Elect to Include in PLOP</u>
At least 1 year past Normal Retirement Date or 26 years of Credited Service	1
At least 2 years past Normal Retirement Date or 27 years of Credited Service	2
At least 3 years past Normal Retirement Date or 28 or more years of Credited Service	3

The partial lump sum distribution, if elected by an eligible Participant, shall be paid at the same time that the first monthly annuity payment is paid to such Participant.

Before an eligible Participant may make an election to receive a partial lump sum distribution, such Participant shall be provided with a calculation showing the amount of the partial lump sum payment and the amount by which the Participant's remaining monthly retirement benefit will be reduced under each of the available partial lump sum options.

The PLOP election is a one-time only election. Once made, the PLOP election is irrevocable. Only one partial lump sum payment may be made pursuant to a PLOP election (even if the PLOP election made by an eligible Participant is for less than the maximum permitted partial lump sum).

If a Participant who makes a PLOP Election dies before his or her Benefit Commencement Date, the PLOP Election shall be inoperative, and the death benefits, if any, payable on account of the Participant's death shall be determined in accordance with the provisions of Section 6.9.

If a Participant who makes a PLOP Election dies after his or her Benefit Commencement Date, the benefits, if any, to which the Participant's Beneficiary shall be entitled shall depend upon the form in which the Participant's remaining Accrued Pension Benefit was

payable at the time of his or her death, under the applicable form of benefit described in Section 7.2 (i.e., after taking into account the partial lump sum payment).

Notwithstanding anything to the contrary, the PLOP may be eliminated for future retirees at any time prior to June 30, 2022. If the PLOP is eliminated, it will not affect any Participant who previously elected the PLOP in accordance with the terms of this Section 7.2(d).

FOURTEENTH CHANGE

Section 8.1(c) is hereby amended to read as follows:

(c) Absence of Valid Beneficiary Designation

In the absence of a valid Beneficiary designation, or if, at the time any benefit payment that is due under the terms of the Plan following the Participant's death, there is no living Beneficiary validly named by the Participant eligible to receive the payment, the Administrator shall direct any such benefit payment to:

- (1) the Participant's Spouse, if then living; otherwise to
- (2) the Participant's then living children and their descendants, if any, per stirpes; otherwise to
- (3) the Participant's then living parent or parents, equally; otherwise to
- (4) the Participant's estate.

For this purpose, "children" shall mean the issue of the Participant, or any legally adopted child of the Participant.

FIFTEENTH CHANGE

The third paragraph of Section 10.6 is hereby amended by adding the following sentence at the end thereof:

The City Manager may also delegate, by written authorization, the authority to take specific actions on behalf of the City Manager (including, without limitation, executing plan documents and amendments thereto).

SIXTEENTH CHANGE

The following new paragraph shall be added to the end of Section 11.1:

Any Participant claiming a Disability Benefit under the Plan (a "Disability Claimant") shall apply for such Disability Benefit not later than ninety (90) days after the later of (i) his or her termination of employment with the City, or (ii) the determination of a compensable workers compensation claim against the City). The Disability Claimant shall submit required documents, evidence, data, or information in support of such claim within forty-five (45) days after a written request for such documents, evidence, data, or information, except that the Disability Claimant may request and the Administrator may grant a forty-five day extension to this period. If the Disability Claimant fails to submit required documents, evidence, data, or information in support of such claim within such period (as extended, if applicable), then the claim for Disability Benefits shall be denied in accordance with Section 11.2 (subject to the right of the Disability Claimant to request reconsideration in accordance with Section 11.3). If a Participant fails to file a claim for Disability Benefits within the prescribed timeframe, then notwithstanding anything in Article 5 to the contrary, the participant shall not be eligible for a Disability Benefit under the Plan.

SEVENTEENTH CHANGE

Section 11.3 is hereby amended by adding the following sentence at the end thereof:

Failure to submit a request for a review of the denial of a claim (including, without limitation, a claim for Disability Benefits) will exhaust all administrative appeal rights and the claim denial shall become final and conclusive.

EIGHTEENTH CHANGE

The second paragraph of Section 12.1 is hereby amended to read as follows:

Prior to making any material changes to this Plan affecting participation, eligibility, contributions, or benefits under the Plan, except those required by statutes, the City shall give notice to Participants affected by such change and shall be available to receive and consider comments of affected Participants as to proposed changes. When the City staff, City Council, or

a committee of the City Council has formulated the substance of a proposed material change affecting participation, eligibility, contributions, or benefits under the Plan, notice of the substance of the proposed change will be given to affected Participants at least sixty (60) days before City Council votes on the proposal. This notice will contain a “plain language” explanation of the substance of the proposed changes. Affected Participants will have access to the staff during such sixty (60) day period. If requested in writing by at least 5 affected Participants, a meeting shall be held between the staff and interested affected Participants, at which time the staff will explain the proposal and answer any questions. These questions and areas of concern must be submitted in writing by interested affected Participants at least 5 days prior to the scheduled meeting. At least 7 days’ notice shall be given of the time and place of such meeting. Notwithstanding anything herein to the contrary, notice under this Section 12.1 shall not be required if the Board determines, pursuant to a vote in which at least five (5) members of the Board (or alternates, if applicable) vote in the affirmative for the determination, that notice is not required because the proposed change is merely technical or administrative in nature and is not a material change affecting participation, eligibility, contributions, or benefits under the Plan.

NINETEENTH CHANGE

Section 13.3(c)(5) is hereby amended to read as follows

- (5) The Administrator shall approve a domestic relations order and direct that payment of a Participant’s benefit be made in accordance with the terms of such order provided that all of the following requirements are met:
 - (i) The order creates or recognizes the existence of an “alternate payee’s” right to, or assigns to an “alternate payee” the right to, receive all or a portion of the Participant’s Accrued Benefit under the Plan.
 - (ii) The order clearly specifies the following:
 - a. the name and last known mailing address, if any, of the Participant and of each “alternate payee” covered by the order;
 - b. the amount or percentage of the Participant’s Accrued Benefit to be paid to each “alternate payee,” or the manner in which such amount or percentage is to be determined (provided, however, that the determination of an amount payable to an alternate payee shall not require the Administrator to perform any calculation

other than a determination of the benefit that would be payable to the Participant as of a specific date);

- c. the number of payments or the period to which such order applies; and
 - d. the name of the Plan.
- (iii) The order does not require the Plan to provide any type or form of benefit, or any option, not otherwise provided under the Plan.
 - (iv) The order does not require the Plan to provide any pre-retirement death benefit to an alternate payee who is a former spouse, or require the payment or commencement of any benefit prior to the Participant's Termination Date or, if later, the first date on which the Participant would be entitled to distribution or commencement of benefits under the Plan;.
 - (v) The order does not require the Plan to provide increased benefits (determined on the basis of actuarial value).
 - (vi) The order does not require the payment of benefits to an "alternate payee" which are required to be paid to another "alternate payee" under another order previously approved by the Administrator.
 - (vii) The order does not provide for payment to the "alternate payee" in the form of a joint and survivor annuity with the "alternate payee's" subsequent Spouse as beneficiary.
- (6) The Administrator shall promptly notify the Participant and "alternate payee" of its receipt of the domestic relations order and of the Plan's procedures for approval of domestic relations orders. Within a reasonable period of receipt of such order, the Administrator shall determine whether the order meets the requirements established under this Section and shall notify the Participant and each "alternate payee" of its determination.
 - (7) During the period of time following the Administrator's receipt of a domestic relations order and prior to the Administrator's determination as to whether the order meets the requirements of this Section, the Administrator shall separately account for those amounts that would have been payable to the "alternate payee" if the order had been approved (the "segregated amounts") in accordance with such procedures as may have been adopted by the

Administrator. If within 6 months of the date the first payment would have been made under the domestic relations order, such order is approved by the Administrator, the Administrator shall pay the segregated amounts to the appropriate "alternate payee," with interest thereon. If within such 6-month period the order is disapproved by the Administrator, or the Administrator has not yet resolved whether the order meets the requirements of this Section, the Administrator shall pay the segregated amounts to the person or persons to whom payment would have been made if there had been no order. If the Administrator later approves the order, such order shall be applied prospectively only.

- (8) For purposes of this subsection, the following terms shall have the following meanings:
- (i) An "alternate payee" means any Spouse, former Spouse, child or other dependent of a Participant who is recognized by a domestic relations order as having a right to receive all, or a portion of, a Participant's benefit under the Plan.
 - (ii) A "domestic relations order" means any judgment, decree, or order (including of a property settlement) that:
 - a. relates to the provision of child support, alimony payments, or marital property rights to a Spouse, former Spouse, child, or other dependent of a Participant; and
 - b. is made pursuant to a state domestic relations law (including a community property law).

TWENTIETH CHANGE

The following new subsection (c)(7) shall be added to Section 13.3:

- (7) In the event of the Participant's felony conviction or plea of guilty or *nolo contendere* to a felony crime that arose out of the performance of his or her duties for the City, the Participant shall forfeit and cease to have any right to receive his or her Accrued Benefit (or any other benefit under the Plan except the Employee Retirement Contributions which shall be refunded to the Participant without interest). A forfeiture pursuant to this Section 13.3(c)(7) may be appealed to the Administrator in accordance with the provisions of Section 11.3.

TWENTY-FIRST CHANGE

The following new language shall be added to the end of Appendix A:

For the Basic Plan, a payment equal to 16.75% of payroll is made towards the remaining unamortized unfunded actuarial liability ("UAL") from July 1. 2010. The unfunded actuarial liability that has developed after July 1. 2010 is amortized over separate 15-year periods starting with the amount of remaining UAL which existed as of July 1. 2014. All payments are determined assuming total payroll increases annually by 3.50%. For the Disability Plan, the UAL is amortized over separate 15-year periods starting with the amount of UAL which existed as of July 1. 2014.

IN WITNESS WHEREOF, the City has caused this Amendment to be executed by its City Manager on this ____ day of _____, 2018.

CITY OF ALEXANDRIA

By: _____
Mark Jinks, City Manager